



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

IV-D MEMORANDUM 2023-011

TO: All IV-D Staff*

FROM: Erin P. Frisch, Director
Office of Child Support (OCS)

DATE: July 20, 2023

UPDATE(S):

☒ Manual

☐ Form(s)

SUBJECT: Changes to Processing Agency Placement IV-D Cases

ACTION DUE: None

POLICY EFFECTIVE DATE: August 1, 2023

PURPOSE:

This IV-D Memorandum announces changes to the way the IV-D program handles agency placement referrals received from the Michigan Department of Health and Human Services (MDHHS) Children's Services Administration (CSA).¹ Beginning August 1, 2023, the IV-D program will discontinue the establishment of new child support orders on agency placement cases that the CSA refers to the IV-D program.

OCS has revised policy in the following sections of the *Michigan IV-D Child Support Manual* to reflect the actions IV-D workers will take when handling agency placement IV-D cases:

- Section 2.85, "Agency Placement – Case Initiation";
- Section 3.85, "Agency Placement – Case Management";
- Section 4.85, "Agency Placement – Establishment"; and
- Section 5.85, "Agency Placement – Financial."

Throughout the manual sections, change bars in the right margin indicate significant changes since the previous publication of the policy. The replacement of "Child Welfare Program" with "Children's Services Administration (CSA)" throughout the manual sections is not identified with a change bar. In addition, a change bar is not used to

¹ These referrals are received through the MiCSES/MiSACWIS interface. MiCSES is the Michigan Child Support Enforcement System; MiSACWIS is the Michigan Statewide Automated Child Welfare Information System.

identify the replacement of “Office of Child Support Enforcement (OCSE)” with “Office of Child Support Services (OCSS).”²

DISCUSSION:

A. Background

The Social Security Act (the “Act”) provides authority to Title IV-E agencies to determine when it is appropriate to secure an assignment of support rights to the state for children receiving Title IV-E foster care maintenance payments.³ In Michigan, the Title IV-E agency is the CSA. The CSA refers agency placements funded by state- and county-funded foster maintenance payments for assignment of support on existing child support orders as required by Michigan law.⁴ As is true in a cash assistance case, assignment of support refers to the transfer of rights to current support, past-due support, and future support.

The Children’s Bureau within the federal Administration for Children and Families issued revised policy on June 8, 2022 emphasizing that foster care referrals to the child support program **should be the exception and not the rule**.⁵ On July 29, 2022, the Children’s Bureau and the federal OCSS⁶ issued a joint letter encouraging IV-E agencies to implement policies to seek assignment of child support only in rare circumstances.⁷ This will allow families to focus on economic stability, family stability, and reunification.

Research shows that when parents are required to pay child support on agency placement cases, children are likely to remain in foster care placements longer. This is because support payments reduce the economic resources that parents need to meet the requirements for reunification.⁸ Recent research also highlights the high cost and low cost-effectiveness of pursuing child support orders to reimburse foster care program costs.⁹

² Ref: [OCSS Information Memorandum \(IM\)-23-02, Name Change to Office of Child Support Services \(OCSS\)](#).

³ 42 United States Code (USC) 671(a)(17)

⁴ Michigan Compiled Law (MCL) 552.605d(6)

⁵ Ref: [8.4C TITLE IV-E, General Title IV-E Requirements, Child support, Question and Answer 5 of the Child Welfare Policy Manual](#).

⁶ OCSS is also within ACF.

⁷ Ref: [OCSS Dear Colleague Letter \(DCL\)-22-06, Children’s Bureau - OCSE Joint Letter on Updated Child Support Referral Policy](#).

⁸ Ref: Chellew, Carol; Noyes, Jennifer L.; and Rebekah Selekman. (2012). [Child Support Referrals for Out-of-Home Placements: A Review of Policy and Practice](#). Madison, WI: Institute for Research on Poverty, University of Wisconsin–Madison. Ref: Cancian, Maria; Cook, Steven T.; Seki, Mai; and Wimer, Lynn. (2016). [“Making parents pay: The unintended consequences of charging parents for foster care.” Children and Youth Services Review](#).

⁹ Ref: Skophammer, Trish. (2017). [Child Support Collections to Offset Out-Of-Home Placement Costs: A Study of Cost Effectiveness](#). Hamline University.

CSA has opted to adopt the federal guidance mentioned above. CSA has determined that the pursuit of monetary support in foster care cases is, in most cases, not in the best interests of the child and may hinder MDHHS's efforts toward family reunification.¹⁰ Therefore, CSA has asked the IV-D program to stop establishing orders for parents to pay support on agency placement cases that CSA refers to the IV-D program.¹¹ That is to say, CSA has opted not to seek assignment of rights the parents have to future support.¹² This will affect all agency placement cases, including those funded through state and county funds without Title IV-E funding.

For referred cases that have support orders established *prior* to the referral from CSA, the IV-D program **will** continue to assign the accruing support to the state/county. Despite the federal guidance mentioned above, Michigan law **requires** the assignment of child support if a parent is receiving court-ordered child support for his/her child and the child enters foster care.¹³

OCS worked closely with CSA to discuss how the IV-D program could implement changes to processing agency placement IV-D cases. OCS also formed the Foster Care Collaboration workgroup to discuss the details of the changes requested by CSA. The workgroup included Prosecuting Attorney (PA) and Friend of the Court (FOC) staff as well as staff from the State Court Administrative Office (SCAO), OCS Program Development Division (PDD), and OCS Case Management. The temporary workgroup assisted in developing actions IV-D staff will take to align with CSA's requested changes, while ensuring families are in the best position to receive child support services after foster care ends. The Program Leadership Group (PLG) approved the business process changes recommended by the workgroup.

B. Changes to Processing Agency Placement IV-D Cases

Effective August 1, 2023, IV-D staff will process agency placement referrals in the following ways depending on whether there is an existing support order or paternity has been established.

1. Cases With an Existing Support Order

If one or both parents have an existing support order, IV-D staff will:

¹⁰ CSA is responsible for determining criteria for cases for which it believes the IV-D program needs to pursue a child support order. (The federal guidance refers to this as "exception" criteria.) Although CSA has not established exception criteria at this time, it may do so in the future. Until then, the IV-D program will not establish support orders on *any* referrals from CSA.

¹¹ OCS will work with CSA to address changes needed to discontinue receiving through the MiCSSES/MiSACWIS interface agency placement referrals that do not require IV-D services.

¹² Support includes child support, medical support, and health care obligations.

¹³ Ref: MCL 552.605d(6).

- a. Ensure support collected on the existing order is assigned to MDHHS¹⁴ or redirected to the unlicensed provider who is not eligible for funded foster care payments, and IV-D staff will enforce the order; and
- b. Not initiate actions to establish a new support order for the other parent to pay support on an agency placement IV-D case(s). The IV-D worker will not modify the existing court order or reinstate charges on a court order for the other parent (former payee) to pay support to MDHHS or to an unlicensed provider. A review and modification under MCL 552.517 for the former payee to pay support to MDHHS will not be considered a IV-D activity.

IV-D staff will continue to enforce child support obligations and arrears on agency placement IV-D cases established prior to August 1, 2023.

2. Cases With No Existing Support Order

If neither parent is ordered to pay support and/or the child is born to unmarried parents, IV-D staff will determine if paternity has been established for the child(ren) in an agency placement.

a. Paternity Is Not Established for the Child(ren)

If there is no existing order for one or both parents to pay child support, and paternity has not been established, IV-D staff will seek to establish paternity without an accruing support order.¹⁵ To accomplish that, IV-D workers may offer the parents an opportunity to sign an *Affidavit of Parentage* (AOP) in an effort to avoid court action. Signing the AOP will allow the parents to establish paternity voluntarily. If they do not sign an AOP, the PA may ask the court to establish paternity through a court order. The PA may determine which option would be best for establishing paternity in agency placement cases.¹⁶

Initiating a paternity action with the court may result in the establishment of a child support amount pursuant to the [Michigan Child Support Formula \(MCSF\)](#).¹⁷ The options to avoid a charging support amount in this situation are provided in Section 4.85 of the *Michigan IV-D Child Support Manual*.

CSA is aware that if the IV-D worker attempts to establish paternity, the court may order a charging support obligation. If this occurs, CSA has asked OCS to enforce the support order.

¹⁴ If support has already been ordered for the child under the care of custody of MDHHS in a funded agency placement, MCL 552.605d(6) requires the assignment of support to MDHHS.

¹⁵ Paternity-only Title IV-D services are now permitted for non-assistance cases pursuant to 45 Code of Federal Regulations (CFR) 302.33(a)(6). OCS, using its authority to collaborate on appropriate services for children in foster care, is applying this concept to agency placement IV-D cases.

¹⁶ Ref: [Section 4.85, "Agency Placement – Establishment," of the Michigan IV-D Child Support Manual](#) for a list of options that the PA might consider.

¹⁷ MCL 552.519(3)(a)(vi) requires use of the MCSF in calculating child support.

After paternity is established and the court does not order accruing support, the IV-D worker will close the agency placement IV-D case and notify the CSA worker that paternity has been established.¹⁸

If IV-D staff filed a court action to establish an accruing child support order before August 1, 2023, they have discretion on whether to proceed with the court action or withdraw or modify the complaint. If the court action results in an accruing support order on the agency placement IV-D case, IV-D staff may enforce the court order.

b. Paternity Is Established for the Child(ren)

When there is no existing court order for one or both parents to pay child support and paternity has been established for the child(ren), the IV-D worker will not initiate actions to establish a support order for either parent to pay support to MDHHS or to the unlicensed provider. Instead, the IV-D worker will close both agency placement IV-D cases and notify the CSA worker that IV-D records show that paternity has been established.

3. Closing Agency Placement IV-D Cases

When paternity is established and there is no existing or accruing support order, the CSA has requested no further action on the agency placement IV-D case. Therefore, IV-D staff will manually close the agency placement IV-D case using the reason code “MZ – Case Merged/Opened in Error.”¹⁹

Closing the agency placement IV-D case will not close a court order. However, the IV-D worker, as a matter of discretion, may keep the case open as a non-IV-D case. Current MiCSES functionality may switch a non-IV-D case back to a IV-D case resulting from a subsequent MiSACWIS referral update. OCS has submitted a Help Desk ticket to update MiCSES to allow the case to remain a non-IV-D case.

After IV-D staff close agency placement IV-D cases, MiSACWIS may send referral updates to MiCSES, causing the automated case-matching process to run. This process may result in a match with a closed case (termed a “closed case exception”).²⁰ The support specialist (SS) will not reopen a closed agency placement IV-D case if the child in the MiSACWIS referral is the same child in the existing closed case.

¹⁸ Closing the IV-D case will ensure that a non-charging support order will not negatively affect counties’ federal performance factors because closed IV-D cases are not included in calculations.

¹⁹ 45 CFR 303.11(20) gives states the option to close a IV-E agency-referred case for which it is “inappropriate to establish, enforce, or continue to enforce a child support order.”

²⁰ Ref: [Section 2.05, “Referrals and Applications,” of the Michigan IV-D Child Support Manual](#) for a description of closed case exceptions, case-matching processes, and related manual processing considerations.

Closing the agency placement IV-D case will not result in a Medicaid referral from Bridges. While the child may receive Foster Care Dependent Ward (FCDW) Medicaid, ASDW (Adoption Subsidy Dependent Ward) Medicaid, or FC4E (Foster Care, IV-E) Medicaid, these types of Medicaid are not referred to MiCSES.

4. Child Support Services After Agency Placement Ends

Upon reunification of the family, OCS and the CSA plan to develop a process for informing the child's custodian of the financial support that may be available through the IV-D program if a parent is living outside the home. The custodian may complete an application to receive Title IV-D services. OCS and the CSA will work to develop a process in the near future.

C. Benefits of the New Process

The changes to the agency placement referral process will provide several benefits. The new process will:

- Strive to establish a legal father for children without a legal father. This may provide an additional opportunity for family placement;
- Remove a barrier for parents who are unable to comply with reunification plans and/or who experience financial instability;
- Allow CSA workers to focus their attention on other responsibilities;
- Save the child support program time and money by not pursuing or enforcing child support in agency placement cases; and
- Not require technical changes to MiCSES or MiSACWIS.

D. Manual Section Updates

OCS made significant updates to Sections 2.85, 3.85, and 4.85 of the *Michigan IV-D Child Support Manual* to reflect the new agency placement referral process. Section 5.85 includes a few minor revisions.

OCS also updated the manual sections to address a change in the assignment requirements. On March 24, 2021, MCL 552.605d(6) included the requirement that support payable under a support order must be assigned to MDHHS if the child is placed in a county-funded placement.²¹ OCS included this requirement and references to MCL 552.605d(6) where appropriate.

Changes to each manual section are listed below. OCS strongly encourages IV-D staff to read the sections in their entirety to fully understand policy regarding agency placements and child support.

²¹ OCS implemented changes to assignment for county-funded foster care to the state on October 1, 2019. For more information, reference [IV-D Memorandum 2019-016, Changes to County-Funded Agency Placement Referrals](#).

1. Section 2.85, “Agency Placement – Case Initiation”

- Explains that the IV-D program will no longer establish child support orders for agency placement referrals;
- Clarifies how IV-D staff will process referrals for agency placement cases;
- Updates the actions the SS will take for processing a Family Independence Program (FIP) assistance case referred from Bridges for a child in an active agency placement;
- Revises IV-D staff actions when a CDC and/or FAP-benefit-only referral is received from Bridges during an active agency placement;²²
- Clarifies that authorized requesters from CSA will complete the *Child Support Confidential Locate Request* (DHS-1445) and mail or fax the request to OCS Operations for locate requests;
- Updates the SS actions for sending a court action referral (CAR) to the PA for cases without an existing court order when paternity is or is not established for the child(ren) on an agency placement IV-D case; and
- Revises the SS actions for sending referrals to the FOC on an agency placement IV-D case with an existing court order.

2. Section 3.85, “Agency Placement – Case Management”

- Clarifies how IV-D workers will treat specific alerts for agency placement cases;
- Includes the action for the SS to close the agency placement IV-D case if applicable when working the *Evaluate Michigan Child Welfare* (EVMCW) alert;
- Explains that in rare circumstances, the CSA worker may contact the SS or PA if (s)he determines there is good cause and does not want the IV-D program to initiate or continue paternity establishment;
- Removes the expectation that FOCs seek to establish a support order or review and modify an existing support order to obtain support from the other parent (the former payee of the existing order);
- Explains that federal regulation permits the IV-D program to close agency placement IV-D cases resulting from inappropriate referrals from the CSA; and
- Includes criteria for determining an inappropriate agency placement referral and the reason code the SS will use to close the agency placement IV-D case.

²² CDC is the acronym for “Child Development and Care”; FAP is the acronym for “Food Assistance Program.”

3. Section 4.85, “Agency Placement – Establishment”

- Explains that for agency placement cases, the SS will send a CAR to the PA only to establish paternity with no accruing support;
- States that contact information for the CSA worker is located on the Business Objects *MiSACWIS Child History* (QN-014) report;
- Clarifies that upon receipt of a CAR, the PA will review it and take steps to establish paternity with a non-charging support obligation;
- Explains that the PA will make a good-faith effort to seek a non-charging order that includes non-charging child support, medical support, and health care obligations;
- Provides options, as statute permits, for initiating a paternity action with the court. These options may include but are not limited to:
 - Asking the court to reserve support with or without a clause for future support review;
 - Recommending a zero-support order with or without a foster care-specific clause for deviation; or
 - Recommending to hold a support order amount in abeyance until the child’s care or custody changes to a parent or caregiver other than MDHHS and MDHHS no longer provides foster care maintenance payments;
- Explains the IV-D worker will close the agency placement IV-D case after there is an order establishing paternity without an accruing support order. The IV-D worker, as a matter of discretion, may keep the case open as a non-IV-D case;
- Includes examples of case-specific and foster care-specific deviation reasons IV-D staff may consider when recommending a zero-support order for agency placement cases; and
- Includes a requirement the IV-D worker will notify the CSA case worker when paternity has been established.

4. Section 5.85, “Agency Placement – Financial”

- Explains that if an active child support order does not exist for the child, the IV-D program will not initiate actions to pursue a new order(s) for the parent(s) of the child to pay support to MDHHS or the unlicensed provider; and
- Explains that after receiving a LEFTCARE referral update where no pre-placement relevant case exists, IV-D staff must end the redirection of support on the agency placement IV-D case. IV-D staff may redirect support or establish a new support order only on a new IV-D case created from a Bridges referral or submission of a *IV-D Child Support Services Application/Referral* (DHS-1201).

NECESSARY ACTION:

Review Sections 2.85, 3.85, 4.85, and 5.85 of the *Michigan IV-D Child Support Manual*. For those maintaining a hard copy of the manual, print the manual sections and add them to the manual. Discard the previously published version of these sections (published on September 4, 2019).

REVIEW PARTICIPANTS:

Case Management Work Improvement Team
Foster Care Collaboration Workgroup
Program Leadership Group

CONTACT PERSON:

Jennifer Arsenault
OCS Policy Analyst
arsenaultj@michigan.gov

CC:

MDHHS Children's Services Administration (CSA)

SUPPORTING REFERENCES:

Federal
42 USC 671(a)(17)
45 CFR 302.33(a)(6)
45 CFR 303.4(d)
45 CFR 303.11(20)

OCSS DCL-22-06

State
MCL 552.517
MCL 552.519(3)(a)(vi)
MCL 552.605d
MCL 552.605d(6)

ATTACHMENTS:

Section 2.85:	Agency Placement – Case Initiation
Section 3.85:	Agency Placement – Case Management
Section 4.85:	Agency Placement – Establishment

Section 5.85: Agency Placement – Financial

EPF/JLA

* Ref: the [Michigan IV-D Child Support Manual Introduction and Table of Contents](#) for a definition of IV-D staff.